MONTANA SENATE
2007 LEGISLATURE

ROLL CALL

FINANCE AND CLAIMS

DATE 4-10-07

NAMES	PRESENT	ABSENT	EXCUSED
SEN. KEITH BALES (R)	✓		
SEN. GREGORY BARKUS (R)	✓		
SEN. JOHN BRUEGGEMAN (R)	✓		
SEN. JOHN COBB (R)			
SEN. MIKE COONEY (D)	✓		
SEN. STEVE GALLUS (D)	✓		
SEN. KEN HANSEN (D)	✓		
SEN. RICK LAIBLE (R)	✓		
SEN. LANE LARSON (D)	✓		
SEN. DAVE LEWIS (R)	✓		
SEN. GREG LIND(D)	✓		
SEN. COREY STAPLETON (R)	✓		
SEN. BILL TASH (R)	✓		
SEN. MITCH TROPILA (D)	✓		
SEN. DAVE WANZENRIED (D)	✓		
SEN. DAN WEINBERG (D)	✓		
SEN. CAROL WILLIAMS (D)	✓		
SEN. BOB HAWKS (D), VICE CHAIRMAN	✓		
SEN. TRUDI SCHMIDT (D), CHAIRWOMAN	✓		
TARYN PURDY, LSD	✓		
PRUDENCE GILDROY, COMMITTEE SECRETARY	✓		

MONTANA STATE SENATE
2007 LEGISLATURE

VISITOR REGISTER

FINANCE AND CLAIMS

DATE 4/10/07

BILLS BEING HEARD TODAY HB830, HB574, HB8, HB480
HB9, SB568

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
TRAVIS BARKER	562 3335	FORD CREEK OUTFITTER	343	YES-DELIST	
GEORGE EVERETT	490-9564	MAINSTREET WATOWN BUTTE	HB539	YES	
Lenny Glenn	562-3339	Ford Cr. Outfitting	343	Yes	~~[illegible]~~
MATT COHN	402-4318	MT. HISTORY FOUNDATION	HB830	✓	
Paul Babb	487-6220	BSB - Local Gov	HB538	✓	
Marko Lucich	723-3177	Butte Chamber of Commerce	HB538	✓	
DOUG NULLE	442-4073	SELF	HB343	✓	
JAY PRESTON	626-9217	RONAN TEL. CO.	HB830		✓
Diane Rice	580-1447	HD 71	HB830	✓	
Jim Kembel	439-6791	MACOP/MPPA	HB830	X	
Chuck Lee	778-7121	Fallon County Dispatch	HB830	✓	
Kathy Bramer	442-4565	Helena Symphony	HB9	X	
Mark Danko	827-3584	Sanders County SO	HB830	X	
Ronda Wiggers	899-5659	Grt Fls/Helena Chamber	HB830	X	
Paul Reichert	443-2081	MT Heritage	HB830	X	
Gherie Jivsto	457-2822	MT Preservation Alliance	HB830	X	
Deb Matteucci		DOC/HHS	HB830	✓	
BRAD TALCOTT	761-0018	JAMES TALCOTT CONST	HB830	✓	
CHRIS SMITH	444-5621	FWP	HB830	✓	
Janet Ellis	443-3949	MT Audubon	HB830	✓	
Janet Ellis	443-3949	MT Audubon	HB343		✓

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

MONTANA STATE SENATE
2007 LEGISLATURE

VISITOR REGISTER

FINANCE AND CLAIMS

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NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Charlie Briggs	449-4075	MACDS, MAR	SB568	X	
LOIS MENDES	841-2957	OFFICE OF COURT ADMIN.	HB 830	X	
Maria Dejoan	846-1011	Rialto Theater	HB574	X	
Matt Blair	846-1425	Rialto Theatre	HB574	X	
Alan R. Scott	442-1800	Helena Symphony	HB9	X	
Rep Ward	431-7702	Rialto	574	X	
Pat Maxwell	590-6255	3 RIVERS	HB830		X
Chere Jusko	457-2822	MPA - HB574, HB9, HB480, HB830		X	
ROLENE SCHLIESMAN	444-7742	SHPO, MT Hist Soc	HB574	INFORMATION	
Jacqueline Denmark	2-0230	Mt Cultural Advocacy	HB 9	X	
Denise King	444-4699	MHS	HB8	X	
Steve Wade	443-6820	MRWS	HB8	X	
Joe Russell	751-8101	Flathead C-C Health Dept	HB 406	X	
Jami McCall	670-3094	Billings Clinic	HB406	X	
Ed BARTLETT	443-6820	TRAVEL INDUSTRY OF MT	HB480	X	
Laurie Clifford	457-4705	AARP MT	HB406 + SB568	✓✓	
John Semple	443-7487	MT Grain Growers	HB830	X	
Glenn Oppe	443-4032	MT Realtors	SB568	✓	
Tim DAVIS	449 6086	MSGC	SB568	✓	

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MONTANA STATE SENATE
2007 LEGISLATURE

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NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Sue Clark	542-4204	MT DNRC	HB830	✓	
D John Blacker	444-6158	MDT	HB830	✓	
Steve Pilcher	439-4178	MT Stockgrowers	HB830	✓	
[illegible]	491-1861	Aquila Vision	HB830	X	
[illegible]		Butte Silver Bow	HB539	X	
John Youngberg	570-4103	MFBF	HB830	X	
Jim Cashell	582-2125	MSPOA - Sheriff Gall. Co.	HB830	✓	
Alan Michaels	377-2364	IMPD Glendive Police Chief	HB830	✓	
Larry Watson	582-3192	Gallatin County	HB512	✓	
Carl Schweitzer	443-8514	MT Sat Ass'n	HB830	✓	
Gail Abercrombie	459-4244	MT Contractors Assn	HB830	✓	
Mike Mahoney	846-5850	MDOC / MSP	HB830	✓	
Bill Leeper	728-4270	DOJ	HB830	X	
Pat Keim	443-6839	MHC	HB830	X	
Cary Hegreberg	2-4162	Contractors Asso	830	X	
Richard Sims	444-5485	Mont Heat Soc	830	X	
Denver Henderson	239-3421	ASUM	HB 830	X	
Scott Martin	855-1489	MSU-B + MSU-GF	HB830	X	
Larry Copenhaver	458-0227	MT Wildlife Fed.	HB830	✓	
REP BRADY WISEMAN		House District 65	HB830	✓	
JON BENNION	697-0568	MT Chamber	HB 830		X

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MONTANA STATE SENATE
2007 LEGISLATURE

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HB9, SB568

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NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
Pat Keim	443-6839	Daly Mansion	480	✓	
Mary Phippen	cell 262-2459	Mt. Magistrates/Assn Mt. Assn Clks of Dist. Ct	830	✓	
Jeff Brandt	444-3988	DofA/ITSD	830	✓	
ANDY POOLE	841-2707	COMMERCE	830	✓	
Gary Macdonald	653-6247	Roosevelt Co	HB 84 HB 519	✓	
Brett Dowdy	866-0647	Gerpat Falls	830	✓	
Mary Angela Collins	461-0438	DPHHS	830	✓	
Dave Aune	431-9833	Great West Eng	512	✓	
GARY EVANS	590-4787	VISION NET	830	INFORMATIONAL	
SCOTT CROMWELL	227-1593	Cowboy Hall of Fame	519	✓	
Chuck Blegard	466-2044	Wolf Bill	343	✓	
GORDON MORRIS	439-5209	Lewis & Clark Co/Self	519/512	✓	
Tim Gill	442-3740	MT Livestock Ag. Credit	830	✓	
Ray Mills	466 2306	Choteau	343	✓	
Daryl Houde	466-2903	Choteau	343	✓	
Aeric Reilly	442-1330	~~[illegible]~~ Mt Wood Growers	343	✓	
Timothy Bowers	222 6642	Gallatin Outfitters PORA, Set	343	✓	
GAYLE MIZNER	846-1614	Rialto Theatre Deer Lodge	HB 574	✓	
Lee A. Jewell	846-1774	Rialto Theatre Deer Lodge	HB 574	✓	
Ron Myelde	846-3202	✓ ✓ ✓	✓	✓	
Boone Whitman	525 3289	Mt. Cowboy Hall	HB 519	✓	

FAME

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MONTANA STATE SENATE
2007 LEGISLATURE

VISITOR REGISTER

FINANCE AND CLAIMS

DATE 4-10-07

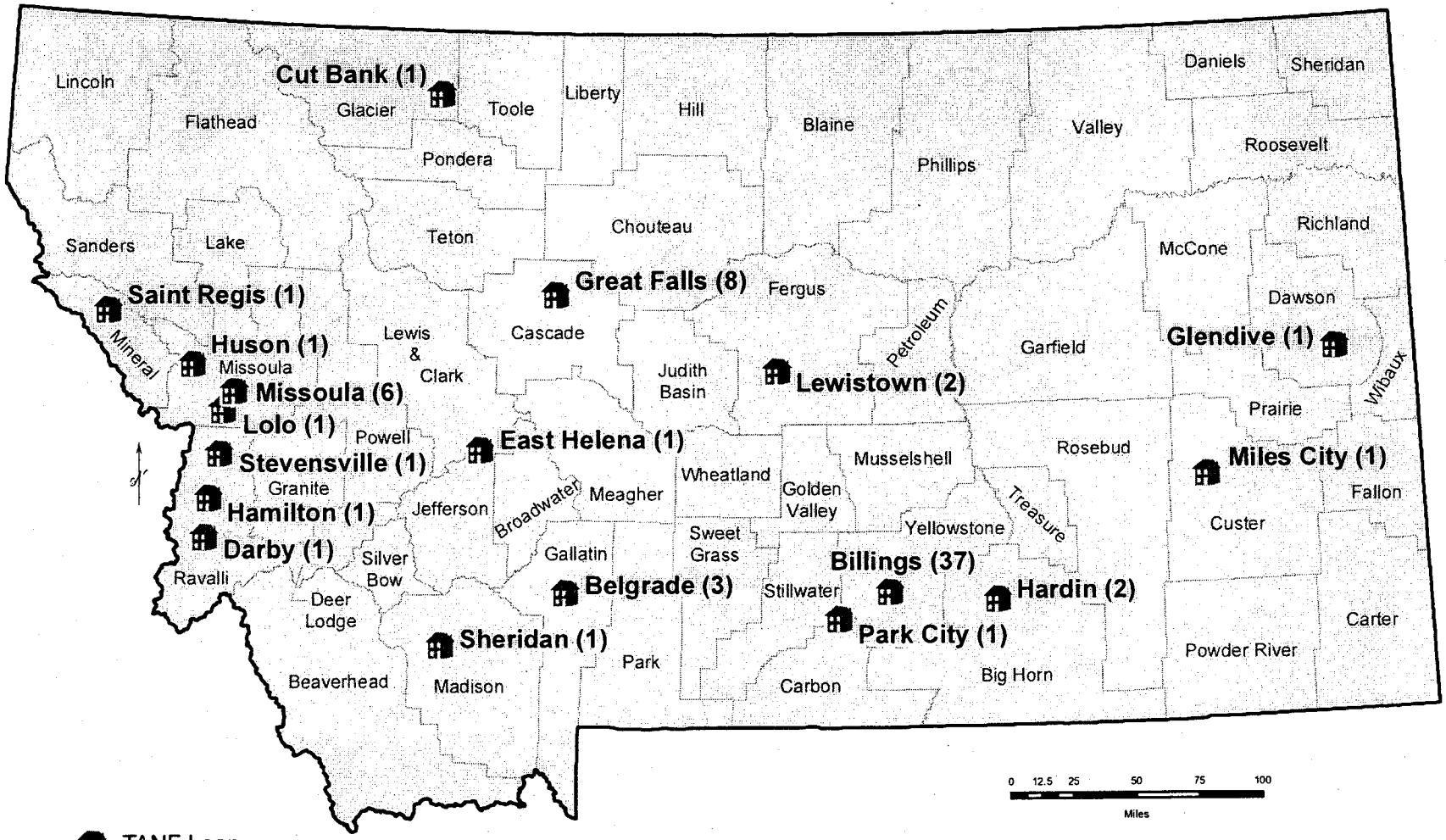
BILLS BEING HEARD TODAY HB 8 HB 9 HB 273 HB 298 HB 343 HB 371 HB 406 HB 480 HB 512 HB 519 HB 539 HB 575 HB 830 SB 368

PLEASE PRINT

NAME	PHONE	REPRESENTING	BILL #	SUPPORT	OPPOSE
CLINT JACOBS	787-3865	DRY PRAIRIE	HB 8	✓	
MARY MOE	771-4310	MSM - GREAT FALLS	HB 830		
Frank Gilmore	496-4129	Montana Tech	HB830	✓	
Ed Adler	693-7010	DPHHS / MSH	HB830	✓	
Mick Robinson	444-0319	MHA	HB830	✓	
Tim Morton	728-3710	HRDC X1 SB368	HB406	✓	
CHUCK HUNTER	202-2030	MT. PRIMARY CARE ASSOC.	HB406	✓	
Allen Schellenberger	842-5134	self	HB 343	✓	
Bill Hoppe	848-7651	Self	HB 343	✓	
Hank Talich	222-0368	Self.	HB 343	✓	
Robert Jagnow	333 4121	Friends of the Northern Yellowstone Elk	HB343	✓	
Steve Owens	846-3413	Rialto Theatre	HB574	✓	
Bob Lachaway	994-2001	MSEA	HB830	✓	
Mary Dewey	682-5915	Montana Heritage Comm.	HB830	✓	
Maureen Martin	841-2826	MFH	HB830		
Annmarie Robinson	265-9226	Bear Paw / North Central	HB8/512	X	
Leland Smith	727-9780	self	HB343	✓	
George Donnelly	459 9218	Cowboy Hall of Fame	HB519	✓	
Dick Clark	444-2777	CTO	HB830	✓	
Kim Monick	258-4191	Partnership Health Center	HB406	✓	
GARY MARBUT	549-1252	MSSA / MWMFLA	HB343	✓	

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

TANF Loans by City



Total of 70 TANF Loans

Map by: Census and Economic Information Center, Montana Department of Commerce
301 S. Park Ave, Helena, MT 59620-0505, 406-841-2740 email:ceic@mt.gov http://ceic.mt.gov

Source: Montana Board of Housing, Montana Department of Commerce

February 2007 - TANF_Loans.mxd

Revolving Loan Account

The 1999 Legislature found that current economic conditions, federal housing policies and declining resources at the federal, state and local levels adversely affect the ability of low-income and moderate-income persons to obtain safe, decent and affordable housing. Because of this, the Revolving Loan Account was established.

This account is used to provide loans to projects providing affordable housing in Montana. These projects typically need that last small piece of financing to make them feasible.

The Montana Board of Housing received a $1.5 million grant from the Federal Home Loan Bank of Seattle through its Affordable Housing Program. This grant was specifically earmarked for the Montana Preservation Project. In order to maximize other funding sources, the grant was loaned by the MBOH to each project as 50-year deferred mortgages. If a project generates additional income, the loans may begin to pay back the money. But, if sufficient income is not generated, the loans will not be paid for 50 years. The MBOH has placed these mortgages in the Revolving Loan Account. But, as previously stated, these loans may or may not begin to be repaid for 50 years. The following is a list of these loans:

Project	Location	Amount
1. Columbia Villa	Columbia Falls	$ 316,800
2. Darlinton Manor	Bozeman	$ 55,000
3. LaVatta Villa (Pebblestone Square)	Deer Lodge	$ 60,000
4. Parkside Village	Missoula	$ 10,400
5. Valley View	Kalispell	$ 551,200
6. Big Sky Apts.	Kalispell	$ 202,368
7. Green Meadow Apts.	Libby	$ 234,600
8. Parkside Apartments	Hamilton	$ 69,632
		$1,500,000
Funded through TANF		
9. TANF Loans (61 loans, down payment/closing)	Various	$ 693,767
Funded through RLA funds		
10. Gold Dust	Missoula	$ 143,000
11. Ronan Main Street	Ronan	$ 65,000
12. Franklin School	Great Falls	$ 300,000
		$ 508,000
		$2,306,458

The 2001 Legislature added three other funding sources to the Revolving Loan Account. Two sources are $500,000 from the Section 8 reserve account and approximately $3.4 million from the Temporary Assistance to Needy Families Grant (TANF). These two funding sources are transfers from existing programs. The third source is from direct donations that would qualify for a tax credit. These sources began July 1, 2001. The TANF funds were reduced to $700,000 by the 2002 special legislative session, which met in August of 2002.

DPHHS Data System Development Proposals

The Issue

"Retiring aging mainframe systems is long overdue, but a lack of funds to replace them has kept them creaking along for years.

Now, however, the financial sting of buying new systems is finally becoming more tolerable than the chronic pain of continually patching up antique technology.

Not only are the old systems costly to maintain, they hamper states' abilities to improve the efficiency of delivering social services to the people who need them..." FCW COM Oct 16, 2006

The Proposal

- Replace obsolete data systems with three new systems capable of supporting 3 critical Montana programs - TANF/Food Stamps/Child Protection
- Set up 1/3 of the HHS system infrastructure required over the next 15 years
- Do this for $16m less than it would cost if the replacement is delayed

DPHHS System Requests

System Requests 2007 Biennium

System	Total Cost	General Funds	Other Funds	% GF
CHIMES	1,100,000	550,000	550,000	50.00
TANF	16,225,000	7,625,000	8,600,000	47.00
Food Stamp	13,070,000	6,535,000	6,535,000	50.00
CAPS	27,150,000	15,204,000	11,946,000	56.00
ICD 10	3,000,000	300,000	2,700,000	10.00
Total 2007 Biennium	60,545,000	30,214,000	30,331,000	49.90

Future System Needs (beginning 2009 biennium)

System	Total Cost	General Funds	Other Funds	
MMIS	70,000,000	7,000,000	63,000,000	10.00
SEARCHS	60,000,000	20,400,000	39,600,000	34.00
Ttl 2009 Biennium	130,000,000	27,400,000	102,600,000	21.08

CHIMES Data System

- Determines eligibility for the $900m Medicaid program
- Replaces Medicaid portion of TEAMS system (will be 20 years old when retired)
- Development started in 2003, expect implementation in 2008 (approx 2/3 finished)
- Estimated total cost $8.5m
- Funding to date primarily federal funds
- Requesting $550k gen funds ($1.1m total funds) to complete

5

TANF Eligibility System

- Determines eligibility for Temporary Aid to Needy Families (TANF) program
- Replaces TANF portion of TEAMS system
- Estimated cost $16.2m ($7.6m general funds)
- 3.5 yr development (2007-2010)
- Leverages investment in CHIMES system

6

Food Stamps Eligibility System

- Determines eligibility for Food Stamps program
- Replaces Food Stamps portion of TEAMS system
- Estimated cost $13.0m ($6.5m gen funds)
- 3.5 year development (2007-2010)
- Leverages investment in CHIMES system

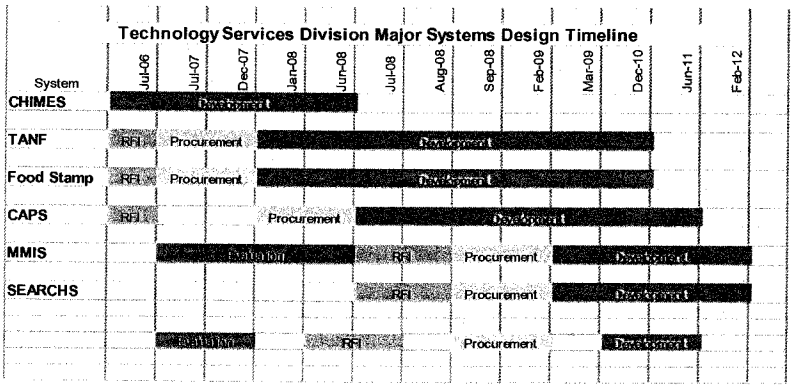
CAPS System

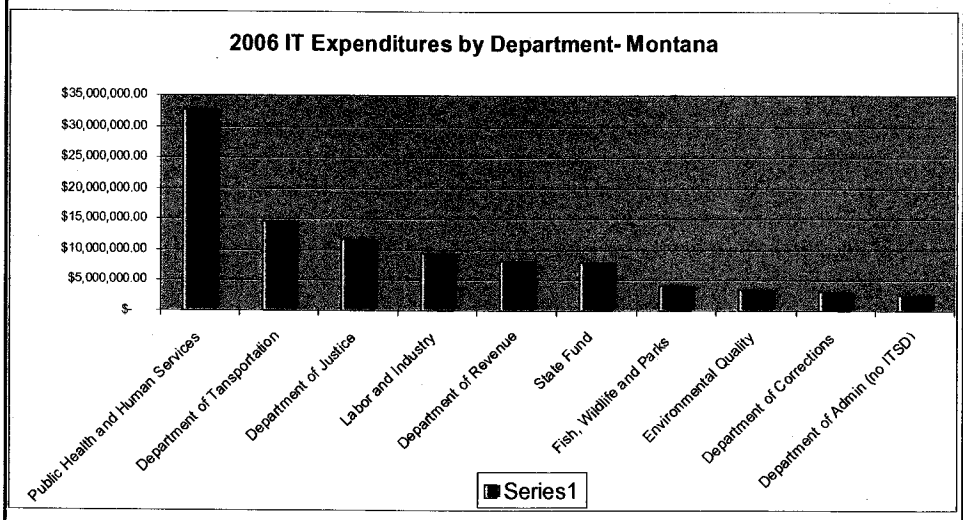
- Supports Montana's child protection program
- Replaces legacy CAPS system which will be 15 years old when retired
- Estimated cost $27.1m ($15.2m general funds)
- 4 year development period (2007-2011)
- Includes business process review

MMIS Enhancement – ICD-10 Codes

- MMIS system adjudicates $900m/yr in claims for the Medicaid program
- New federal regulation requires adoption of next generation of diagnosis coding – ICD-10
- Estimated cost $3.0m, $300k general fund
- Most recent compliance date published is Jan 2009

TSD System Timeline





Financial Impact of Replacing Systems Now Instead of Later

Replacing systems now, rather than delaying, will save approximately $16m

Net Present Value of Replacing Now

- Compare "replace now" and "delay" options – cash flow to cash flow
- Consider
  - Maintenance & enhancement costs
  - Additional program staff required to work around old systems
  - Eventual cost of replacement if delay
  - Expected value of cost of system failures
  - Amortized replacement costs

Age of Legacy Systems

Year implemented	Age at Retirement
• TEAMS - 1991	• 16 now, 20 at retmt
• CAPS - 1996	• 11 now, 15 at retmt
• SEARCHS - 1994	• 13 now, 20 at retmt
• MMIS - 1976	• 30 now, 34 at retmt

CAPS Age - 15 or 25?

Chronological Age = 15

"Biological" Age = 25?

When built:

- Automated pieces of paper rather than taking advantage of new business processes
- Relied on technology that was already 10 years old when adopted

Risks of Inaction

- Failures/glitches
- Collapse
- Security breaches
- Liability
- Extraordinary maintenance costs
- Extraordinary costs for staff to handle caseloads
- Inability to handle federal or other mandates
- Inability to conduct business efficiently
- Challenging the development infrastructure

HelenaIR.com
INDEPENDENT RECORD

Patience urged on Medicare refunds

By DIANE COCHRAN - The Billings Gazette - 10/07/06

Officials debate what action 1,700 Montana seniors should take following computer glitch

BILLINGS (LEE) — Be patient.

That seems to be the best advice for about 1,700 Montana senior citizens who got mistaken refunds of their Medicare prescription drug plan premiums two months ago.

The Centers for Medicare and Medicaid Services asked beneficiaries who got the money — 230,000 people nationwide — to return it, and about 111,000 of them did. Half of the **$50 million in erroneous refunds** was repaid by Sept. 30.

But last week a federal judge in Washington, D.C., ordered the government to return those repayments because CMS didn't tell people who got them that they could ask to keep them under federal law.

This week, the U.S. Court of Appeals for the District of Columbia stayed that order until the government's appeal of the lower court ruling is resolved. Oral arguments in the appeal were to be set for January.

So, where does that leave Medicare beneficiaries who got the mistaken money? It depends on who you ask.

if they can show the mistake was not their fault and that returning the money would be economically difficult, the groups argued.

The government claims the law doesn't apply in this situation.

The $50 million in premium refunds went out in August after a computer glitch between CMS and the Social Security Administration.

Beneficiaries who got the refunds pay their prescription drug plan premiums through withholdings from their monthly Social Security benefit.

Contact Diane Cochran at dcochran@billingsgazette.com or 657-1287.

HelenaIR.com
INDEPENDENT RECORD

Ranchers still waiting for federal disaster payments

By MARY CLARE JALONICK - Associated Press Writer - 10/02/05

Baucus pressuring ag department to distribute money from 2004 spending bill

WASHINGTON — Livestock producers around the country are still waiting for agricultural disaster payments Congress approved a year ago to help them deal with an ongoing drought.

Sen. Max Baucus, D-Mont., and other senators are pressuring the Department of Agriculture to distribute money that Congress appropriated in an October 2004 spending bill. Baucus, who met with Deputy Agriculture Secretary Chuck Conner Friday to discuss the issue, said that only 13 percent of the checks have been distributed to qualified producers.

Department spokesman Ed Loyd attributes the delay to "one glitch after another" in department computer systems and said Friday that the payments should be distributed within the next two weeks.

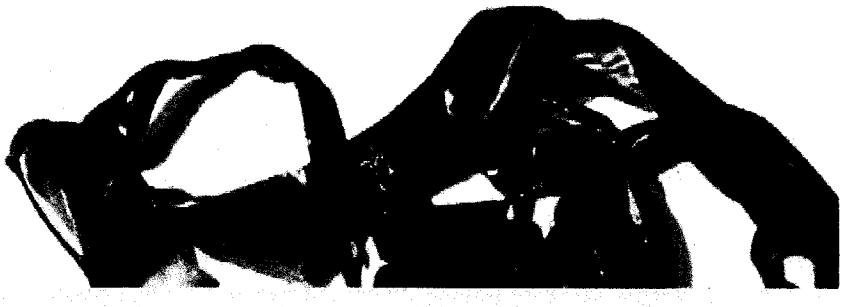
"USDA recognizes it has taken far too long to distribute these payments to these producers and we are doing everything we can to move the process forward," he said.

"It's a real domino effect," he said.

Sen. Pat Roberts, R-Kan., assailed the department's plan to close about a third of the nation's Farm Service Agency offices, which are in charge of distributing the payments.

"I am disappointed that it has taken this long to get payments out to farmers," he said Friday. "Maybe FSA should focus more on assisting farmers than closing offices."

THE RED TAPE CHRONICLES



Cop's errant click posts personal info

Posted: Monday, November 6 at 05:00 am CT by Bob Sullivan

There's a new reason to be concerned about an encounter with local police, whether you're a victim or a suspect.

In Ohio last month, a police department accidentally published intimate details about every person officers encountered during a single day, including Socia Security Numbers, driver's license numbers and more.

A stray click led the Bowling Green, Ohio, Police Department to publish the wrong report to the agency's police blotter Web site on Oct. 21, according to operations Lt. Brad Biller. Instead of posting a sanitized blotter, with all the personal information redacted, the agency published what is known as an "end of day report."

That report includes birth dates, SSNs, race descriptions, license numbers and more on each of the nearly 200 people the cops had contact with that day. It also included extended narratives about each incident, written by the responding police officer.

"A dispatcher ran the wrong report and provided the wrong report to the technology people," Biller said. "We uploaded the wrong report."

Web surfer Ann Snowberger, who lives in Three Forks, Mont., alerted MSNBC.com to the error. She found it using Google while she was researching an individual whose name appeared in the report.

That person, whose name MSNBC.com agreed not to publish, had been given a warning on Oct. 21 because she had not properly displayed her front license plate.

Much to my horror," Snowberger said. "I discovered that the Bowling Green Police department has published 52 pages (of the report) on the Internet."

By the time MSNBC.com searched for the report, it was no longer available on the Bowling Green Web site. The city only stores 7 days worth of reports on its site. But a cached version of the report was stored on Google's servers, and was accessible Friday afternoon. The cached version was removed after MSNBC.com contacted Google.

Inadvertent publication of Social Security Numbers on government Web sites is nothing new. Private information can often be found on county tax records, divorce or bankruptcy proceedings and other public documents published by local agencies.

The Record
FRIEND OF THE PEOPLE IT SERVES
www.northjersey.com

The Social Security numbers and other personal information on hundreds of New Jersey residents have been compromised by a computer glitch in the state Department of Labor.

Wednesday, November 15, 2006

By KEVIN G. DeMARRAIS
Staff Writer

In what state officials called "a malfunction of mechanical equipment," the names and Social Security numbers of residents receiving unemployment benefits "may have been accidentally delivered to an employer for whom you did not work."

In a letter last week to 1,700 workers, the state said it did not know how many of them were affected. Only people who worked for non-profits or government agencies were involved, Labor Department spokesman Kevin Smith said.

Thus far the department has found 22 of 300 employers involved who got the wrong materials, Smith said. "We're trying to call all of the employers in the process."

Still, the department suggested that workers may want to contact the three national credit bureaus to put a freeze on their credit files to prevent would-be identity thieves from using the personal information to open charge accounts in the name of the workers.

CBS NEWS

Hackers Hit Lexis Nexis Database
Personal Data Of As Many As 32,000 People May Have Been Stolen

NEW YORK, March 10, 2005 (CBS/AP)

The breach was discovered during internal checking procedures of customer accounts. The company plans to contact all 32,000 affected customers to offer them help in detecting identity theft, including credit monitoring.

(CBS/AP) Lexis Nexis says hackers commandeered one of its databases, gaining access to the personal files of as many as 32,000 people.

Federal and company investigators are looking into the security breach in the Seisint database, which was recently acquired by Lexis Nexis and includes millions of personal files for use by such customers as police and legal professionals.

Seisint also provides data for Matrix, a crime and terrorism database project funded by the U.S. government that has raised civil rights concerns.

Information accessed included names, addresses, Social Security and driver's license numbers, but not credit history, medical records or financial information, corporate parent Reed Elsevier Group PLC said in a statement.

"We sincerely regret the circumstances that were recently announced," Kurt Sanford, president and chief executive officer of Lexis Nexis corporate and federal markets, said in a statement.

This is the second such infiltration at a large database provider in recent months. Rival database ChoicePoint Inc. said last month that the personal information of 145,000 Americans may have been compromised by thieves posing as small business customers.

In the ChoicePoint scam, at least 750 people were defrauded, authorities say. The incident fueled consumer advocates' calls for federal oversight of the loosely regulated data-brokering business, and legislative hearings are expected.

Both data heists, says **CBS News Technology Analyst Larry Magid**, involve personal information stored in large commercial databases - whose security is beyond the control of consumers.

As long as companies continue to warehouse information, consumers are sitting ducks for identity theft. This is not a case of people being careless about their passwords or documents or the security of their PCs," says Magid. "This is wholesale theft of consumer data and there is almost nothing individuals can do to prevent this type of hacking."

"The best defense," he adds, "is to keep a close eye on your bills, bank accounts and credit reports" - to watch for any suspicious or unusual activity.

Lexis Nexis will be notifying the estimated 32,000 affected customers in the coming days. CEO Kurt Sanford says the company will provide them with ongoing credit monitoring "and other support to ensure that any identity theft that may result from these incidents is quickly detected and addressed."

The company will also be tightening its ID and password requirements and administrative procedures.

"The U.S. law enforcement agencies have asked us not to say too much, as they are in the process of trying to track down the people who are responsible," said Reed Elsevier spokeswoman Catherine May.

The security breach, according to May, was discovered during internal checking procedures on customer accounts.

BESTWIRE®
Real-Time Insurance Newswire

Medicare Part D Billing Errors Continue

WASHINGTON November 30 (BestWire) — Blue Cross Blue Shield of Massachusetts is asking about 5,200 of its members to refund as much as $1,400 per person because Medicare failed to automatically deduct monthly premiums for their Part D drug coverage from their Social Security checks.

In a statement, the Massachusetts Blues said Medicare's error may have affected beneficiaries for as long as 12 months. The insurer said it would allow beneficiaries to pay the money back in monthly increments through March 2007.

The Medicare billing problems also affect about 1,000 Medicare beneficiaries signed up with a Tufts Health Plan Part D product and about 500 members of a Harvard Pilgrim Health Care product, according to the Centers for Medicare & Medicaid Services, which oversees Medicare.

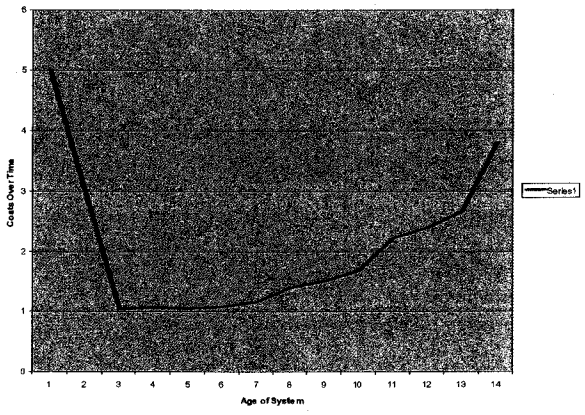
The errors in Medicare's automatic deduction system are ongoing. In late August, a separate processing error caused Medicare to send $50 million in refunds to 231,000 people enrolled in the Part D program, CMS said (BestWire, Aug. 28, 2006). Those funds — which were sent by mistake — were to repay beneficiaries for monthly premiums for their Part D coverage. Some were paid by check, but most were paid via direct deposit; the erroneous refunds averaged about $215 per person, CMS said.

Costs of Inaction

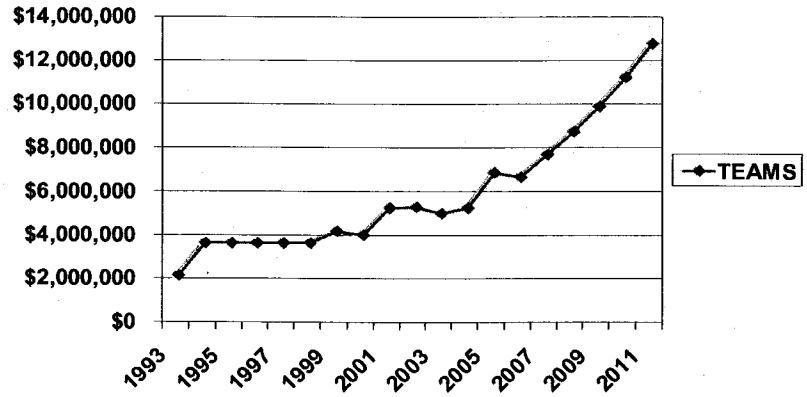
Liability

If you could have known (given available technology) you should have known

System Expense Lifecycle



TEAMS Maintenance & Enhancement Costs



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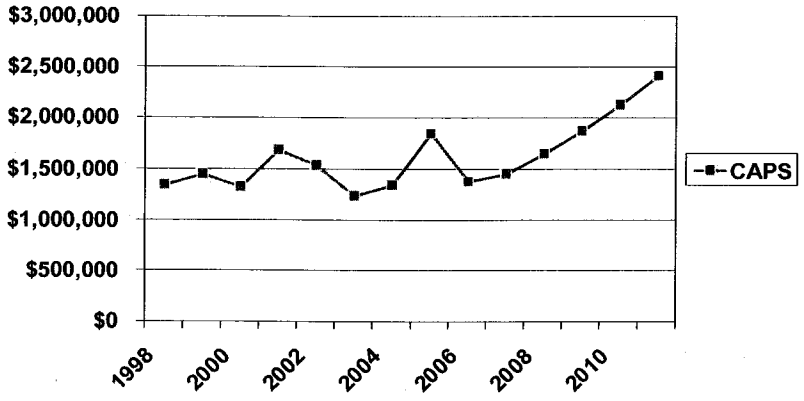
CAPS Maintenance & Enhancement Costs



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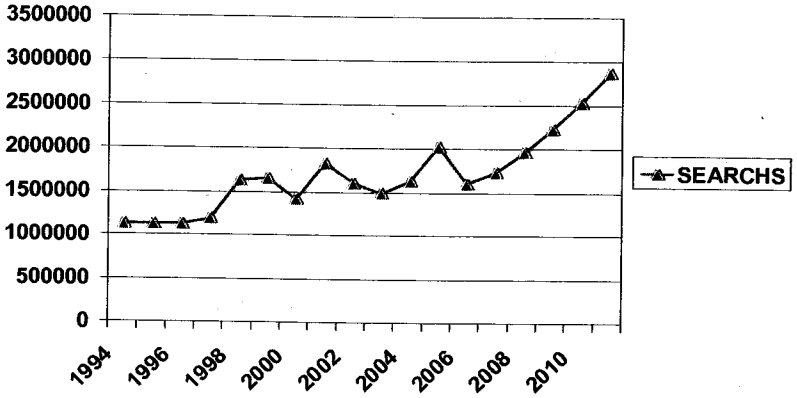
Risks of System Development

- Complete failure (never useful)
- Over budget
- Past schedule
- Faulty

Famous Failures

- POINTS - Montana Revenue System
- Colorado – Eligibility Systems

SEARCHS Maintenance & Enhancement Costs



Costs of Inaction

Challenging the Development Infrastructure

Cost of inefficiency (certain) - 10% across all systems = $20m wasted $

Expected value of cost of failure (uncertain) - 10% x cost of one system's failure = $1.5m

Famous Failures - Colorado

- $200m development cost
- Integrated eligibility system for Medicaid/TANF/Food Stamps/CHIP/misc others
- 2004 implementation

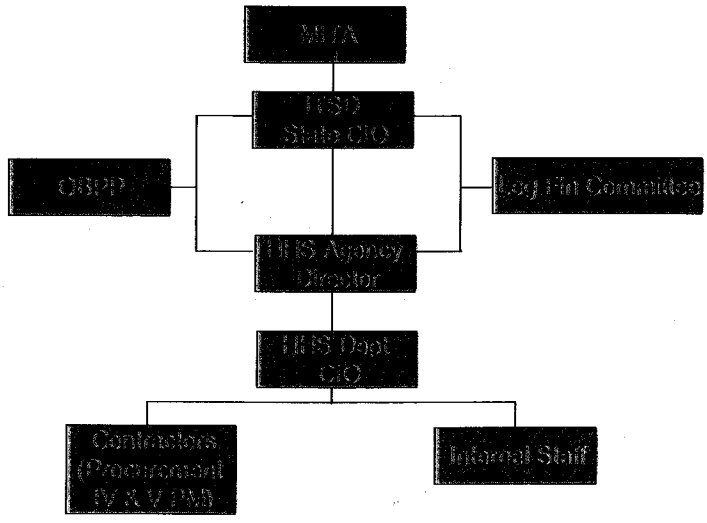
Colorado - Failure Factors

- Overambitious (integrated all systems)
- No single point of authority
- Underfunded and understaffed
- Gross lack of expertise in CO state gvmt
- Transfer and customize (most risky approach)
- Inequal contracting expertise (should have used private system contracting attorneys)

Colorado - Failure Factors

- Conflicting demands of stakeholders (state and local governments)
- Protracted schedule (10 year build)
- No pilot
- No automated testing of throughput (slow response times)
- No contingency plan
- No carryforward of closed cases
- 37% error rate
- Complicated - inches thick user manual

State of Montana System Development Governance



Risk Mitigation

- Strong governance
- Experienced management
- Known territory
- Risk mitigation strategies

Risk Mitigation Strategies

- Choose the right approach
- Adequate funding
- Adequate staffing
- External expertise
- Modular systems
- Contingency planning
- Significant pilots and parallel testing
- Don't overload the development infrastructure

Cost Efficient Approach –
Other States' Costs

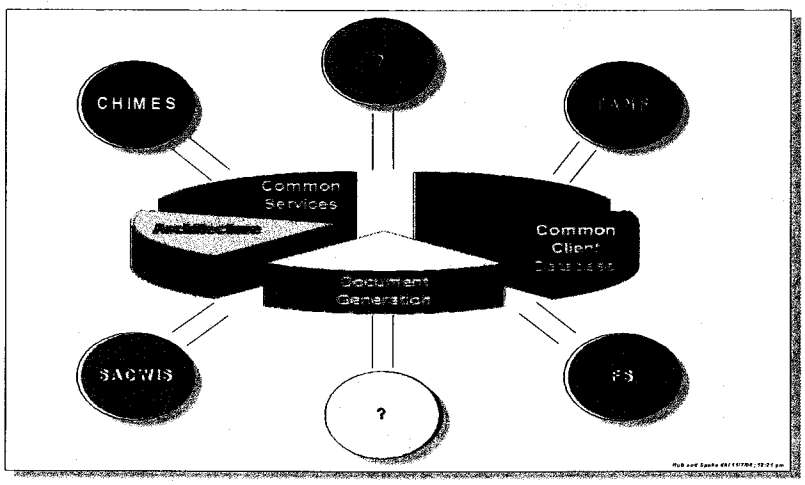
1. Estimated total cost of CHIMES/TANF/FS = $37m

2. National comparisons:
   a. Michigan - $69m
   b. Colorado - $200m
   c. Tennessee - $45m
   d. Utah - $57m+
   e. Washington - $40m
   f. Wyoming - $60m+
   g. Texas - $279m+

Cost Efficient Approach
Why less than other developments?

- Not pioneering
- Not integrating several systems - modular approach
- Holistic view (not piecemeal)
- Building on approach established with CHIMES - reduces uncertainty
- Competitive bidding
- Careful requirements definition (involvement of program managers)
- Tight management of scope and project

DPHHS Human Services Information Systems Conceptual Model



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This slide represents the "approach" for implementing a new generation of human services systems based on a common foundation. That foundation will be composed of:

Architecture: A multi-tier architecture strategy which creates a platform that which leverages modular platform components and provides for easier systems development, maintenance, and integration.

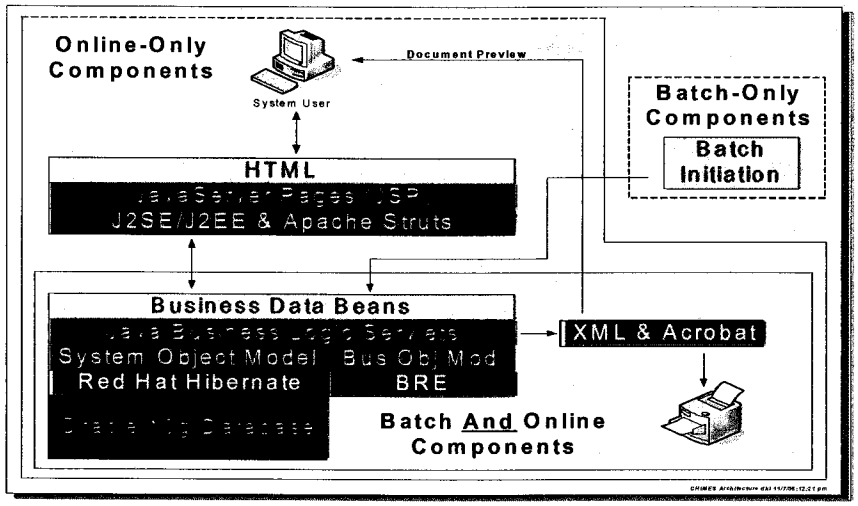
Common Services: The new architecture will be built using modern software engineering concepts, including web services, a highly modular approach that allows for re-use of application program interfaces between systems and platforms.

Rules Engine: The new architecture will utilize a business rules engine to manage and automate the use of administrative and legislative rules which define the business processes for complex systems such as Medicaid eligibility. Traditionally, business rules have been embedded in the software code. Rules engines allow for the separation of code from business rules. This allows for rules to be modified without IT intervention.

Document Generation: The new architecture will provide for automated document generation as an integrated feature of the system housing the data.

Common Client Database: A common client database will serve as a demographic hub for several human services. Its goal is to provide a secure, unique, non-redundant and de-duplicated base of person information in which multiple systems store and access client data following data sharing rules established among trading partner programs and organizations.

DPHHS Human Services Information Systems Logical Model



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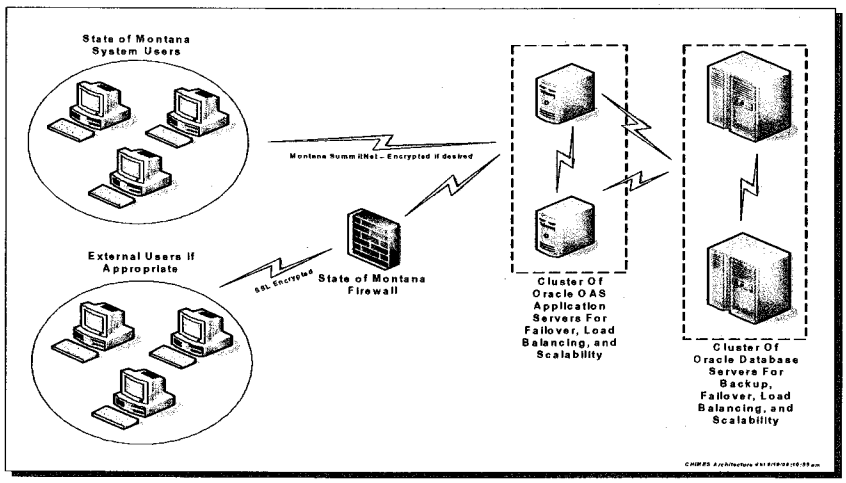
This slide illustrates the modern approach to systems and web design that employs a **highly modular structure** based on **Java technology**. In this architecture, what the user sees (**the presentation layer**) is separated from the business logic (**the business Layer**). Data is housed in a **relational database management system** (RDBMS) like Oracle which is securely manages the storage and access of data. Data can be shared with other systems through common transport formats (XML, Acrobat).

DPHHS Human Services
Information Systems Physical Model



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This slide illustrates a three-tier architecture with secure communication between **database servers, applications servers, and client workstations.** Application code and the database are located safely "inside" the state firewall. A three-tier architecture, composed of a user interface (**Presentation Tier**), processing logic (**Application Tier**), and data access (**Data Tier**), which are developed and maintained as independent modules that reside on separate platforms.

Current Systems Architecture

- Stovepipe (monolithic)
- Mainframe environment (expensive)
- Outdated programming languages (COBOL)
- Non-relational databases (IDMS)
- Non-graphical (non-windows) interface
- Limited functionality and limited ability to add functionality

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New Systems Architecture

- Modular (web services, Java, XML)
- Three-tier architecture
- Relational data base (Oracle)
- Graphical Interface
- Web-based
- Business rules engine

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Impact of Outdated Technology

- Difficult to change/add functionality (brittle, monolithic software)
- Expensive to maintain
- Difficult to find programmers for outdated languages
- Limited interface
- Difficult to access data without programmer intervention
- Not open to desktop reporting tools

Risk Management

Choose the right alternative

- COTS (Customize off the shelf software)
- Transfer and customize
- Integrate two or more of the above
- Migrate current functionality
- Build from scratch
- Build but leverage existing systems